

P-421, 405, 407, 430, 426, 520, 427/CI-87-76 ORDER ESTABLISHING A  
COMMENT PERIOD REGARDING METROPOLITAN TIER RATE DESIGN

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Darrel L. Peterson  
Cynthia A. Kitlinski  
Norma McKanna  
Robert J. O'Keefe  
Patrice Vick

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of the  
Petitions of Certain  
Subscribers in the Exchanges  
of Zimmerman, Prescott,  
Waconia, Belle Plaine, North  
Branch, Lindstrom, New  
Prague, Cambridge, Hudson,  
Houlton, LeSueur, Cannon  
Falls, Delano, Northfield,  
Buffalo, and Watertown for  
Extended Area Service to the  
Minneapolis/St. Paul  
Metropolitan Calling Area

ISSUE DATE: December 21, 1990

DOCKET NO. P-421, 405, 407,  
430, 426, 520, 427/CI-87-76

ORDER ESTABLISHING A COMMENT  
PERIOD REGARDING METROPOLITAN  
TIER RATE DESIGN

**PROCEDURAL HISTORY**

On June 20, 1989, the Commission issued its ORDER IDENTIFYING ROUTES MERITING FURTHER CONSIDERATION, REQUIRING FURTHER INFORMATION, AND INITIATING AN INVESTIGATION in the Metro EAS Consolidated Docket. In that Order, the Commission reached individual decisions on each of the 16 petitions in that proceeding. In addition, the Commission addressed Northwestern Bell Telephone Company's (NWB's) tier rates. The Commission stated:

In its Notice and Order for hearing, the Commission asked the parties to address, and the Administrative Law Judge to examine, whether Northwestern Bell's tier rate structure continued to met the needs of the region more effectively than alternative rate structures. The ALJ found that the system continued to be serviceable, and that questions regarding effective alternatives were in many ways beyond the scope of this [contested case] proceeding.

The Commission agrees that....the question of whether [the tier system] continues to be the best available rate design merits a separate proceeding. The Commission will direct staff to report on whether the matter requires formal Commission action at this time.

Metro EAS Case, Docket No. P-421, 405, 407, 430, 426, 520, 427/CI-87-76, ORDER IDENTIFYING ROUTES MERITING FURTHER CONSIDERATION, REQUIRING FURTHER INFORMATION, AND INITIATING AN INVESTIGATION (June 20, 1989) at page 25.

On February 26, 1990, the Suburban Rate Authority (SRA) filed a motion for clarification of the scope of the record the Commission would consider in deciding the metropolitan tier issue.

On March 7, 1990, NWB filed a response to the SRA motion.

Subsequently the Commission deferred action on the SRA motion pending the outcome of the "Northwestern Bell Incentive Plan Case," Docket No. P-421/EI-89-860.

On December 4, 1990, the Commission met to consider this matter.

### **FINDINGS AND CONCLUSIONS**

The Commission has previously determined that it is appropriate to examine the tier rate structure issue separate from the other issues in the current Metro EAS Case, Docket No. P-421, 405, 407, 430, 426, 520, 427/CI-87-76. However, based upon the comments of the parties, it is not clear whether the record is complete with respect to this issue. Perhaps the issue will benefit from or require further development either through additional substantive comment and reply or through contested case proceedings.

To clarify the issues and select the procedure appropriate to resolving the tier rate issue, the Commission will establish a comment and reply procedure. Within 30 days of this Order, interested parties will submit comments in response to the following questions:

1. Should the current metropolitan tier rate design be retained or changed?
2. What policy issues should the Commission consider in evaluating whether to retain or change the current metropolitan tier rate design?
3. What legal issues should the Commission consider in evaluating whether to retain or change the current metropolitan tier rate design?
4. What facts necessary to the resolution of this matter, if any, are not contained in the current record of this case?

5. What facts, material to the resolution of this matter, are in dispute between the parties?
6. If the current metropolitan tier rate design should be changed, what alternative rate designs should be considered?
7. If the current metropolitan tier rate design should be changed, what additional procedures, if any, should the Commission use to develop or determine an alternative rate design?

Interested parties will file initial comments regarding the foregoing questions and any replies to the comments with the Commission and serve them upon all parties to the Metro EAS Case, Docket No. P-421, 405, 407, 430, 426, 520, 427/CI-87-76.

Upon receipt and evaluation of these filings, the Commission will meet again to consider how best to proceed in this matter.

The catalyst for Commission consideration of this matter at this time was a motion by the SRA. In its motion, the SRA asked the Commission to clarify the scope of the record it will consider in resolving the metropolitan tier issue. In establishing the comment and reply procedure in this Order, the Commission grants the relief that the SRA sought.

#### ORDER

1. The motion of the Suburban Rate Authority is granted.
2. Within 30 days of the date of this Order, interested parties shall file with the Commission and serve upon the parties in this matter comments regarding the seven questions listed in the text of this Order.
3. Within 50 days of the date of this Order, interested parties shall file with the Commission and serve upon the parties in this matter replies to the comments filed pursuant to Ordering Paragraph 2 of this Order.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster  
Executive Secretary

(S E A L)